

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**IN RE: ALL TELEPHONE COMPANIES' TARIFF FILINGS REGARDING
RECLASSIFICATION OF PAY TELEPHONE SERVICE.**

Docket No. 97-00409

PROPOSED PAYPHONE SETTLEMENT BETWEEN TPOA AND UNITED

United Telephone-Southeast, Inc. ("United") and the Tennessee Payphone Owners Association ("TPOA") submit the attached settlement agreement, proposed payphone line tariffs and cost information for approval by the Tennessee Regulatory Authority.

The parties agree that the proposed payphone line and rates are cost-based, non-discriminatory, consistent with Section 276 of the Federal Telecommunications Act and consistent with the "new services" test, as described in the rules and orders of the Federal Communications Commission.

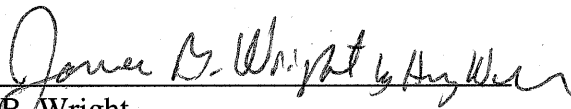
As explained further in the attached documents, the parties also represent that the line and usage rates have been calculated using the same formula crafted by the Authority in setting payphone rates for BellSouth Telecommunications, Inc. ("BellSouth"). Specifically, the parties used United's TELRIC cost model filed in March, 2001, with two adjustments. First, the carrier's rate of return was adjusted to reflect the rate adopted for the United in Docket 97-00888 (the "USF" docket). Second, the cost study was adjusted to reflect payphone specific loop lengths instead of average loop lengths. Following those adjustments, the parties used the study to calculate line and usage rates using a 50% overhead allocation factor and a 25% interstate allocation factor to be consistent with the formula used to set rates for BellSouth.

This agreement settles all outstanding issues between TPOA and United.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that on May 6, 2002, a copy of the foregoing document was served on the parties of record, via hand delivery or U.S. First Class Mail addressed as follows:

Tim Phillips, Esquire
Consumer Advocate and Protection Division
425 Fifth Avenue North, 2nd Floor
Nashville, Tennessee 37243-0500

James Wright, Esquire
United Telephone-Southeast
14111 Capitol Blvd.
Wake Forest, NC 27587



Henry Walker

**SETTLEMENT AGREEMENT BETWEEN
TENNESSEE PAYPHONE OWNERS ASSOCIATION
AND UNITED TELEPHONE-SOUTHEAST, INC.**

May 6, 2002

This Settlement Agreement made as of May 6, 2002 by and between United Telephone-Southeast, Inc. (UTSE) and the Tennessee Payphone Owners Association (TPOA), hereinafter the "Parties".

WITNESSETH

Whereas the parties have been involved in a contested case proceeding before the Tennessee Regulatory Authority (TRA) in Docket No. 97-00409 since 1997; and

Whereas the TRA issued an interim order dated February 1, 2001 reflecting its decisions made at a December 19, 2000 Director's conference (February Order) wherein payphone access line and other rates were established for BellSouth Telecommunications, Inc. (BellSouth), which order with respect to BellSouth has been appealed to the Tennessee Court of Appeals, and such appeal remains pending; and

Whereas, pursuant to the February Order, UTSE began charging payphone service providers on January 1, 2001 the rates approved for BellSouth, such rates consisting of a \$13.78 flat rate and \$0.0042 usage rate (BellSouth Rates); and

Whereas, on March 6, 2001 UTSE filed a cost study which established a per line pay phone access line flat rate of \$35.09 and a \$0.0042 usage rate (UTSE Interim Rate); and by agreement between the Parties and as approved by the TRA, UTSE made refunds to payphone service providers for the period April 15, 1997 to December 31, 2000 based on the difference between the UTSE Interim Rate and the amounts actually paid by the entitled PSP's to UTSE during the period April 15, 1977 to December 31, 2000; and

Whereas the Parties desire to resolve the contested issues between them, avoid the possibility of continued litigation, bring certainty to the rates that apply to payphone rates and otherwise bring the contested case proceeding to a close;

Now, therefor, the Parties, subject to approval by the TRA, agree to the following:

- 1) UTSE has attached hereto as Exhibit A a UTSE General Subscriber Services Tariff revision for payphone access line rates for all its exchanges reflecting a \$26.39 flat local pay phone access line rate and a \$0.0037 per minute usage rate ("Settlement Rate"). This rate excludes existing and future tariffed intrastate and interstate rates which apply to Payphone Service Providers ("PSPs") including, but not limited to, the subscriber line charge, coin control, answer supervision, service connection and touchtone services.

- 2) Rates for Coin Control and Answer Supervision will remain at their current approved tariffed amount.
- 3) The Parties hereby represent and agree that the rates in sections one (1) and two (2) above are cost-based, compliant with section 276 of the Telecom Act and the FCC's "new services test". The Parties agree cost-based means the rates are based on and do not exceed the company's direct costs using the forward looking, economic-cost methodology (Total Element Long-Run Incremental Cost), plus a just and reasonable portion of United's shared and common costs of providing payphone access line service, and all such costs are consistent with the FCC's "Wisconsin" order¹ and the TRA's February Order. Attached hereto as Exhibit B is a cost study summary and statement of underlying assumptions documenting the determination of the Settlement Rates.
- 4) UTSE will refund to PSP's on a per payphone access line basis for the period April 15, 1997 to December 31, 2000 the difference between the Settlement Rate and the Interim Rate previously used as the basis for the refund.

Such refund amount will be reduced by the amount, if any, owed by PSP's for the period January 1, 2001 to the date the Settlement Rate is approved and made effective by the TRA (Interim Rate Period), which difference will be calculated by subtracting the amounts paid by PSPs during the Interim Rate Period based on the Interim Rate from the Settlement Rate (Offset).

Refunds and Offsets will be calculated from the date the Settlement Rates becomes effective, retroactive to the date on which the PSP established that particular payphone line service with UTSE, with interest, but, in no event, before April 15, 1997. The refund and/or Offset will be pro-rated using a 30-day calendar month.

PSPs are customers of record that are UTSE payphone access line customers on the effective date of UTSE's revised tariffs.

PSPs who are entitled to a refund will receive refunds, net of Offsets, in the form of a credit to the customer's account if the refund is less than \$50 or if there is a past due balance on the account equal to or greater than the refund amount. Otherwise the refund will be issued by check. Refunds will be given to customers within ninety (90) days of the date of the TRA order approving the Settlement Rate as outlined in 1) above. PSP's who are determined to have an Offset greater than any refund amount shall pay UTSE the Offset amount, net of any amount calculated as a refund, not later than 90 days after the date of the TRA order approving the Settlement Rate.


- 5) The TPOA agrees not to file a complaint directly or indirectly with the TRA which challenges UTSE's tariffed rates applicable to payphone providers, the rate structure, or cost support covered by this agreement for a period of three (3) years from the date of the

¹ *In the Matter of Wisconsin Public Service Commission: Order Directing Filings, CCBI/CPD No. 00-01, Mem. Op. and Order, FCC 02-25 (Released January 31, 2002).*

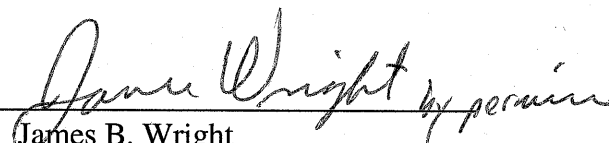
TRA order approving the settlement rate; nor shall UTSE propose changes to payphone line service rates or rate structure covered by this agreement for a period of three (3) years from such date.

IN WITNESS WHEREOF the Parties have signed this Settlement Agreement.

Tennessee Payphone Owners Association

By: 
Henry Walker

United Telephone-Southeast, Inc.

By: 
James B. Wright

May 6, 2002

EXHIBIT A

To

TPOA/UTSE
Settlement Agreement
Dated May 6, 2002

GENERAL SUBSCRIBER SERVICES TARIFF

UNITED TELEPHONE-SOUTHEAST, INC.
TENNESSEE

Twelfth Revised Page 3
Cancels Eleventh Revised Page 3

ISSUED:

BY: Director - Tariffs
Overland Park, Kansas

EFFECTIVE:

U7. PAYPHONE LINE SERVICE

U7.5 RATES AND CHARGES

A. Payphone Access Line and Usage Rates

Monthly Rate

- | | | | |
|----|----------------------------------|----------------|-----|
| 1. | Payphone line, per access line | \$26.39 | (I) |
| 2. | Measured Local usage, per minute | .0037 | (I) |

B. Coin Control, each line
(in addition to the payphone line) 3.75/line

C. Answer Supervision
(in addition to the payphone line) 5.00/line

D. Optional Call Screening
(in addition to the payphone line)

Nonrecurring Charge

A Service Ordering Charge and an Access Line-Central Office Charge is applicable when this feature is requested subsequent to the installation of the payphone line

E. Service Connection charges as specified in Section U4 of this tariff are applicable.

F. All other applicable charges (i.e., toll charges, mileage charges, TouchTone, etc.) as found in this tariff apply in addition to the rates found in Section U7.5 and are the responsibility of the Payphone Line Service subscriber. (T)

GENERAL SUBSCRIBER SERVICES TARIFF

UNITED TELEPHONE-SOUTHEAST, INC.
TENNESSEEThirteenth Revised Contents Page 1
Cancels Twelfth Revised Contents Page 1ISSUED: December 29, 2000
BY: Director Regulatory Affairs
Wake Forest, North Carolina

EFFECTIVE: April 15, 1997

U7. PAYPHONE LINE SERVICE

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U7.4 <u>ANSWER SUPERVISION SERVICE</u>	2	(T)
U7.5 <u>RATES AND CHARGES</u>	3	(T)

GENERAL SUBSCRIBER SERVICES TARIFF

UNITED TELEPHONE-SOUTHEAST, INC.
TENNESSEE

Ninth Revised Page 1
Cancels Eighth Revised Page 1

ISSUED: December 29, 2000
BY: Director Regulatory Affairs
Wake Forest, North Carolina

EFFECTIVE: April 15, 1997

U7. PAYPHONE LINE SERVICE

U7.1 GENERAL

- A. Payphone Line Service (PLS) is a class of service furnished to individuals, firms or corporations which permits connection of a customer-provided instrument that is activated by the deposit of coins, cards, tokens or the entry of a customer account number, to the lines of the Company.
- B. PLS will be provided on a dial-tone-first basis to enable and users to dial certain calls without requiring coin deposits, i.e., all emergency calls, local directory assistance, and non-sent-paid calls.
- C. Service will be provided on a two-way basis, except lines for which a specific exemption has been granted by the Tennessee Regulatory Authority.
- D. The Company will provide Payphone Line Service subject to the availability of facilities, where technically feasible and from properly equipped central offices.
- E. General terms and conditions as described in all other sections of this tariff apply, where appropriate, unless otherwise specified in this section.
- F. PLS access lines are standard loop start, two-wire circuits.
- G. A listing in the white page section of the exchange directory may be provided in connection with PLS. The PLS subscriber, however, may choose to have nonpublished telephone numbers for PLS access lines at no additional charge. Additional listings will be at rates specified in Section U6 of this tariff. Although the PLS subscriber is entitled to a directory listing without charge, the PLS client may be listed instead at the rate for an additional listing.
- H. The PLS subscriber is responsible for meeting all federal, state and local statutes as well as the guidelines outlined by the Tennessee Regulatory Authority with respect to the provision of payphones.
- I. Temporary suspension of service (vacation disconnect), as described in Section U2 of this tariff, is not available for Payphone Line Service.

(M)
(M)

(M) Material now appearing on this page previously appeared on Ninth Revised Page 2.

GENERAL SUBSCRIBER SERVICES TARIFF

UNITED TELEPHONE-SOUTHEAST, INC.
TENNESSEE

Second Revised Page 1.1
Cancels First Revised Page 1.1

ISSUED: August 1, 1996
BY: Director State Regulatory Affairs
Wake Forest, North Carolina

EFFECTIVE: September 2, 1996

U7. COIN TELEPHONE SERVICE

U7.1 PUBLIC TELEPHONE SERVICE (Cont'd)

(D)

(D)

GENERAL SUBSCRIBER SERVICES TARIFF

UNITED TELEPHONE-SOUTHEAST, INC.
TENNESSEETenth Revised Page 2
Cancels Ninth Revised Page 2ISSUED: December 29, 2000
BY: Director Regulatory Affairs
Wake Forest, North Carolina

EFFECTIVE: April 15, 1997

U7. PAYPHONE LINE SERVICE

U7.2 LIABILITY

(M)

- A. The Company shall not be liable for any losses or damages of any kind resulting from the unavailability or failure of its equipment or facilities; or for any act, omission or failure of performance by the Company, its employees or agents in connection with this tariff. The Company shall not be responsible for incomplete calls or calls that cannot be completed as a result of end user action, subscriber equipment and facilities or Company equipment and facilities.
- B. The Company shall not be liable for shortages of coins collected and deposited at the customer's equipment. The limit of the Company's liability for end user fraud of whatever nature occurring at or in association with the customer's equipment shall be governed by provisions of this tariff and rule or regulation of the Tennessee Regulatory Authority. In case of a conflict, the rule or regulation will prevail.

U7.3 COIN CONTROL SERVICE

- A. Coin control service is available as an optional service for use in conjunction with Payphone Line Service. Coin control service is based on a central office platform which offers features for use with coinless or coin operated (payphone) telephone service. Coin control service uses a software-driven system to provide features and capabilities similar to those provided by micro-processor based, "smart", payphone sets.
- B. Coin control service provides the following features:
1. Coin control for collection, return, and recognition - monitors signals from the payphone to identify when coins are deposited. This feature identifies the status of the attempted call and sends a signal to the payphone to collect the coins when the call is completed or return the coins when the call is not completed.
 2. Originating line screening - alerts the operator and interexchange carrier systems that the call is originating from a PLS line and may require special handling and billing treatment.
- C. Such functions as announcements used with payphone telephone service and pre-prompting for additional coin deposits for overtime periods of conversation time are provided in conjunction with Operator-Handling Differentials (Section U18) and Operator Assisted Local Calls (Section U3); appropriate charges will apply when these functions are required.

(M1)

U7.4 ANSWER SUPERVISION SERVICE

- A. Answer Supervision Service is available as an optional service for use in conjunction with Payphone Line Service. It is furnished only from central offices equipped to provide this service and is provided subject to the availability of facilities.
- B. Answer Supervision Service provides "off-hook" supervisory signals to the payphone line for transmission to the customer's location.

(M1)

(M) Material previously appearing on this page now appears on Ninth Revised Page 1.

(M1) Material now appearing on this page previously appeared on Tenth Revised Page 3.

GENERAL SUBSCRIBER SERVICES TARIFF

UNITED TELEPHONE-SOUTHEAST, INC.
TENNESSEETwelfth Revised Page 3
Cancels Eleventh Revised Page 3

ISSUED:

BY: Director - Tariffs
Overland Park, Kansas

EFFECTIVE:

U7. PAYPHONE LINE SERVICE

U7.5 RATES AND CHARGES

A. Payphone Access Line and Usage Rates

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Nonrecurring ChargeA Service Ordering Charge
and an Access Line-Central
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when this feature is requested
subsequent to the installation
of the payphone line

- E. Service Connection charges as specified in Section U4 of this tariff are applicable.

- F. All other applicable charges (i.e., toll charges, mileage charges, TouchTone, etc.) as found
-
- in this tariff apply in addition to the rates found in Section U7.5 and are the responsibility of
-
- the Payphone Line Service subscriber.

(T)